
**The Family Support Center
of South Sound**

A Washington Not-For-Profit Organization

Consolidated Financial Statements

For the Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Family Support Center of South Sound
Olympia, WA

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of The Family Support Center of South Sound (FSC), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FSC, as of June 30, 2023, and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FSC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FSC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FSC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited FSC's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part

of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2024 on our consideration of FSC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering FSC's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

March 29, 2024

**The Family Support Center
of South Sound**
A Washington Not-For-Profit Organization
Consolidated Statement of Financial Position

| June 30, 2023 (With Comparative Totals for 2022) | 2023 | 2022 |
|---|----------------------|----------------------|
| ASSETS | | |
| <u>Current Assets</u> | | |
| Cash | \$ 2,599,048 | \$ 343,154 |
| Accounts Receivable | 712,278 | 372,382 |
| Tenant Receivable | 28,116 | 84,238 |
| Total Current Assets | 3,339,442 | 799,774 |
| <u>Property and Equipment, Net</u> | 27,568,158 | 8,964,378 |
| <u>Other Assets</u> | | |
| Investments | 392,569 | 589,782 |
| Other Assets | 2,000 | 2,000 |
| Total Other Assets | 394,569 | 591,782 |
| Total Assets | \$ 31,302,169 | \$ 10,355,934 |
| LIABILITIES & NET ASSETS | | |
| <u>Current Liabilities</u> | | |
| Accounts Payable | \$ 4,203,328 | \$ 468,706 |
| Accrued Interest Payable | 61,629 | - |
| Payroll Taxes & Benefits Payable | 30,383 | 16,274 |
| Accrued Annual Leave | 62,173 | 57,428 |
| Deferred Revenue | - | - |
| Tenant Deposits | 3,210 | 3,510 |
| Current Portion of Notes Payable | 88,909 | 42,780 |
| Total Current Liabilities | 4,449,632 | 588,698 |
| <u>Long Term Liabilities</u> | | |
| Notes Payable, Net Current Portion | 19,678,700 | 6,601,101 |
| Less: Unamortized Debt Issuance Costs | (17,840) | (18,391) |
| Total Long-Term Liabilities | 19,660,860 | 6,582,710 |
| <u>Net Assets</u> | | |
| Without Donor Restrictions | (1,394,782) | 70,025 |
| Without Donor Restrictions - Capital Assets | 7,907,298 | 2,381,668 |
| Without Donor Restrictions - Board Designated | 77,280 | 67,280 |
| | 6,589,796 | 2,518,973 |
| With Donor Restrictions | 601,881 | 665,553 |
| Total Net Assets | 7,191,677 | 3,184,526 |
| Total Liabilities & Net Assets | \$ 31,302,169 | \$ 10,355,934 |

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
of South Sound**
A Washington Not-For-Profit Organization

Consolidated Statement of Activities and Changes in Net Assets

| Fiscal Year Ended June 30, 2023 <i>(With Comparative Totals for 2022)</i> | 2023 | | 2022 | |
|---|-------------------------------|----------------------------|---------------------|---------------------|
| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL | TOTAL |
| <u>Support and Revenue</u> | | | | |
| Grants | \$ 4,674,748 | \$ - | \$ 4,674,748 | \$ 3,986,496 |
| Contributions | 3,101,879 | - | 3,101,879 | 301,678 |
| Inkind | 56,348 | - | 56,348 | 55,239 |
| Operations & Maintenance Income | 353,817 | - | 353,817 | 267,982 |
| Fundraising | 76,379 | - | 76,379 | 42,683 |
| Service Fee Revenue | 346,441 | - | 346,441 | 107,014 |
| Interest Income | 324 | - | 324 | 114 |
| Investment Income (Loss) | 4,781 | - | 4,781 | (50,574) |
| Satisfaction of Time Restriction | 63,672 | (63,672) | - | - |
| Total Support and Revenue | 8,678,389 | (63,672) | 8,614,717 | 4,710,632 |
| <u>Expenses:</u> | | | | |
| Program Services: | | | | |
| Family Resource | 834,106 | - | 834,106 | 111,006 |
| Parent Education | 21,589 | - | 21,589 | 50,250 |
| Homeless Family Services | 1,546,838 | - | 1,546,838 | 1,114,097 |
| Campus Shelter | 172,116 | - | 172,116 | 115,321 |
| Facilities Management | 593,145 | - | 593,145 | 375,535 |
| Family Justice Center | 186,322 | - | 186,322 | 212,187 |
| Pear Blossom Building | 1,143,493 | - | 1,143,493 | 1,139,214 |
| LLLP | 110,415 | - | 110,415 | 113,081 |
| | 4,608,024 | - | 4,608,024 | 3,230,691 |
| Management and General | 391,119 | - | 391,119 | 292,025 |
| Fundraising | 20,785 | - | 20,785 | 5,325 |
| Total Expenses | 5,019,928 | - | 5,019,928 | 3,528,041 |
| <u>Other Revenue & Expenses:</u> | | | | |
| Loss on Disposal of Equipment | (38,562) | - | (38,562) | - |
| Total Other Revenue & Expenses | (38,562) | - | (38,562) | - |
| Change in Net Assets | 3,619,899 | (63,672) | 3,556,227 | 1,182,591 |
| Net Assets, Beginning of Year | 2,518,973 | 665,553 | 3,184,526 | 1,802,416 |
| Transfer | 450,924 | - | 450,924 | 199,519 |
| Net Assets, End of Year | \$ 6,589,796 | \$ 601,881 | \$ 7,191,677 | \$ 3,184,526 |

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
of South Sound**
A Washington Not-For-Profit Organization

Consolidated Statement of Cash Flows

| Fiscal Year Ended June 30, 2023 (With Comparative Totals for 2022) | 2023 | 2022 |
|---|----------------------------|---------------------------|
| <u>Cash Flows From Operating Activities</u> | | |
| Change in Net Assets | \$ 3,556,227 | \$ 1,182,591 |
| Adjustments to reconcile change in net assets to net cash provided (used) from operating activities: | | |
| Depreciation | 276,959 | 147,958 |
| Amortization Debt Issuance Costs | 551 | 551 |
| Investment (Income) | (4,781) | 50,574 |
| Loss on Disposal of Equipment | 38,562 | - |
| (Increase) Decrease In: | | |
| Accounts Receivable | (339,896) | (143,901) |
| Tenant Receivable | 56,122 | (66,127) |
| Increase (Decrease) In: | | |
| Accounts Payable | 3,734,622 | 422,314 |
| Accrued Interest Payable | 61,629 | - |
| Payroll Taxes & Benefits Payable | 14,109 | (3,844) |
| Accrued Annual Leave | 4,745 | 2,060 |
| Deferred Revenue | - | (106,345) |
| Tenant Deposits | (300) | - |
| Net Cash Provided (Used) by Operating Activities | <u>7,398,549</u> | <u>1,485,831</u> |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchase of Capital Assets | <u>(18,642,293)</u> | <u>(2,449,446)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(18,642,293)</u> | <u>(2,449,446)</u> |
| <u>Cash Flows From Financing Activities</u> | | |
| Payments on Debt | (2,653,545) | (41,974) |
| Proceeds from Debt | <u>16,153,183</u> | <u>827,431</u> |
| Net Cash Provided (Used) In Financing Activities | <u>13,499,638</u> | <u>785,457</u> |
| Net Increase (Decrease) in Cash & Cash Equivalents | 2,255,894 | (178,158) |
| Cash & Cash Equivalents at Beginning of Year | <u>343,154</u> | <u>521,312</u> |
| Cash & Cash Equivalents at End of Year | <u>\$ 2,599,048</u> | <u>\$ 343,154</u> |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash Paid During the Fiscal Year for Interest | <u>\$ 161</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
of South Sound**
A Washington Not-For-Profit Organization

Consolidated Statement of Functional Expenses

Fiscal Year Ended June 30, 2023 (With Comparative Totals for 2022)

| | Family Resource | Parent Education | Homeless Family Services | Campus Shelter | Facilities Management | Family Justice Center | Pear Blossom Building | LLLP | Total Program Services |
|-----------------------|--------------------|---------------------|--------------------------------|-------------------|--------------------------|-----------------------------|-----------------------------|-------------------|------------------------------|
| Salaries | \$ 115,209 | \$ 19,323 | \$ 439,710 | \$ 120,719 | \$ 17,539 | \$ 131,315 | \$ 462,527 | \$ - | \$ 1,306,342 |
| Payroll Taxes | 10,264 | 1,729 | 39,390 | 10,539 | 1,574 | 11,796 | 42,286 | - | 117,578 |
| Employee Benefits | 4,803 | 40 | 12,209 | 6,054 | 1,547 | 3,220 | 18,860 | - | 46,733 |
| Contract Labor | 22,474 | - | 135,112 | 1,837 | 10,047 | 19,768 | 13,285 | - | 202,523 |
| Repairs & Maintenance | - | - | 340 | 856 | 102,998 | 13 | 37,107 | - | 141,314 |
| Insurance | - | - | - | 1,717 | 37,228 | - | 10,595 | - | 49,540 |
| Office Expense | 233 | 16 | 2,186 | 38 | 624 | 121 | 589 | - | 3,807 |
| Postage | - | - | - | - | - | - | - | - | - |
| Printing | 319 | 93 | 1,436 | 452 | 1,043 | 378 | 4,758 | - | 8,479 |
| Professional Fees | - | - | - | - | - | - | - | - | - |
| Bank Service Charges | - | - | - | - | 77 | - | 25 | 1,208 | 1,310 |
| Program Expenses | 27 | - | 316 | - | - | 331 | 462 | - | 1,136 |
| Telephone | 491 | 297 | 6,857 | 848 | 803 | 1,812 | 4,051 | - | 15,159 |
| Travel & Training | 664 | 55 | 4,185 | 130 | 6 | 10,844 | 2,732 | - | 18,616 |
| Utilities | - | - | - | - | 84,306 | - | 42,631 | - | 126,937 |
| Depreciation | 1,487 | - | 1,346 | 15,045 | 180,441 | 1,429 | 74,240 | 802 | 274,790 |
| Interest Expense | - | - | - | - | 119,135 | - | 82,713 | 108,405 | 310,253 |
| Fundraising Expenses | - | - | - | - | - | - | - | - | - |
| Miscellaneous Expense | 401 | 4 | 1,594 | 2,185 | 23,343 | 1,001 | 1,118 | - | 29,646 |
| Technology Expense | 4,160 | 29 | 12,202 | 6,737 | 4,368 | 2,798 | 942 | - | 31,236 |
| Supplies | 222 | 3 | 2,225 | 4,959 | 4,111 | 371 | 11,184 | - | 23,075 |
| Client Assistance | 628,837 | - | 887,730 | - | 3,955 | 1,125 | 328,942 | - | 1,850,589 |
| Bad Debt Expense | - | - | - | - | - | - | 1,065 | - | 1,065 |
| Inkind | 44,515 | - | - | - | - | - | 3,381 | - | 47,896 |
| Total Expenses | \$ 834,106 | \$ 21,589 | \$ 1,546,838 | \$ 172,116 | \$ 593,145 | \$ 186,322 | \$ 1,143,493 | \$ 110,415 | \$ 4,608,024 |

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
of South Sound**
A Washington Not-For-Profit Organization

Statement of Functional Expenses

| | | | | 2023 | 2022 |
|-----------------------|-------------------------|------------------|---------------------|---------------------|------------------|
| | Mgmt. and General | Fund Raising | | Total Expense | Total Expense |
| Salaries | \$ 275,733 | \$ - | \$ - | 1,582,075 | \$ 1,302,183 |
| Payroll Taxes | 25,783 | - | - | 143,361 | 116,482 |
| Employee Benefits | 8,884 | - | - | 55,617 | 66,084 |
| Contract Labor | 15,973 | - | - | 218,496 | 130,242 |
| Repairs & Maintenance | 1,107 | - | - | 142,421 | 104,995 |
| Insurance | 827 | - | - | 50,367 | 44,315 |
| Office Expense | 2,098 | - | - | 5,905 | 1,819 |
| Postage | 1,515 | - | - | 1,515 | 1,641 |
| Printing | 1,259 | - | - | 9,738 | 5,708 |
| Professional Fees | 7,956 | - | - | 7,956 | 7,600 |
| Bank Service Charges | 12,896 | - | - | 14,206 | 4,991 |
| Program Expenses | 351 | - | - | 1,487 | 6,549 |
| Telephone | 2,042 | - | - | 17,201 | 16,721 |
| Travel & Training | 857 | - | - | 19,473 | 9,507 |
| Utilities | - | - | - | 126,937 | 103,823 |
| Depreciation | 2,169 | - | - | 276,959 | 147,958 |
| Interest Expense | 375 | - | - | 310,628 | 294,741 |
| Fundraising Expenses | - | 20,785 | - | 20,785 | 5,325 |
| Miscellaneous Expense | 11,811 | - | - | 41,457 | 63,042 |
| Technology Expense | 9,286 | - | - | 40,522 | 28,419 |
| Supplies | 1,669 | - | - | 24,744 | 16,581 |
| Client Assistance | 76 | - | - | 1,850,665 | 994,076 |
| Bad Debt Expense | - | - | - | 1,065 | - |
| Inkind | 8,452 | - | - | 56,348 | 55,239 |
| Total Expenses | \$ 391,119 | \$ 20,785 | \$ 5,019,928 | \$ 3,528,041 | |

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission and Programs

The Family Support Center of South Sound (FSC) is a non-profit entity established in January 2000, to provide collaborative services which foster healthy child development and help families obtain self-sufficiency in Thurston County. FSC's mission is Working Together to Strengthen all Families.

The significant programs operated by the FSC during the fiscal year were as follows:

Family Resource provides low-income families with crisis intervention, advocacy, resources, referrals, and on-going support and assistance.

Parent Education offers a variety of options for parenting support such as evidence-based parent education classes, workshops, family-focused support groups, and parenting/developmental assessments.

Homeless Family Services provides families with strength-based case management services, advocacy, basic needs supplies, shelter, and community referrals to support clients in acquiring and maintaining permanent housing. The FSC also provides emergency financial and rental assistance to help families maintain and/or obtain permanent housing.

The Campus Shelter Program operates as a continuous stay 10-bed shelter for children and their families. The model offers intensive Housing focused services to assist guests in identifying and accessing a permanent housing option. Services are driven by the needs of each resident, are flexible and utilize a strengths-based approach. Families residing at the Campus shelter have access to a variety of programs and services onsite at the campus.

For Facilities, the FSC sublets space to nonprofit organizations and public agencies that provide collaborative co-located supportive services that strengthen families and children in our community.

Family Justice Center is a public-private partnership program focused on providing criminal justice and community based services to survivors of domestic violence, sexual assault, human trafficking, and stalking onsite at the FSC.

The Pear Blossom Place Family Support Community Building was placed into service in July 2014, to provide thirty six beds of emergency shelter to homeless families with children and seven permanent supportive housing affordable units to low income families.

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Principles of Consolidation

The consolidated financial statements include the account of FSCSS West Olympia LLLP. The FSC is a general partner with .001% ownership of the Partnership. FSCSS Housing LLC is a general partner with .009% ownership of the Partnership. The FSC owns 100% of FSCSS Housing LLC. FSCSS files a partnership tax return. FSCSS began in October 2021 to acquire, develop, construct, operate, manage and maintain residential real property for occupancy by low-income persons. During the fiscal year ended 6/30/23, the FSC transferred funds to the FSCSS for construction in progress and other operational related expenses. The net amount was \$450,924 and is shown in net assets as a transfer. The construction was completed and the building operational in early 2024. Costs associated with the project are included in the development in progress totals listed in Note 3.

Basis of Accounting

The FSC maintains its financial records on the accrual basis of accounting. Revenues on all grants are recognized (accrued) when qualifying expenditures under the grant are made. Grant funds are accounted for as without donor restrictions or with donor restrictions as provided in the particular terms of the respective grant contracts. When restrictions on grant funds are met in the same year the funds are awarded, it is the policy of the FSC to record the grant funds as without donor restrictions on the statement of activities and changes in net assets.

Basis of Presentation

Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FSC and changes therein are reported as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. Includes public support and revenues which are not restricted by the donor and currently available for the support of FSC. The Board of Directors has designated, from net assets without donor restrictions, net assets for a maintenance reserve.

Net Assets with Donor Restrictions

Includes public support and revenues which are restricted by the donor through either purpose or time restrictions. Net assets are released from restriction when the purpose or time restrictions have been satisfied.

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Recognizing Revenue from Grants and Contracts

The Financial Accounting Standards Board (FASB) guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. FSC follows these principles.

Upon receipt of an advance from grants and contracts from their funding sources, FSC recognizes deferred revenue in the amount of the advance for its performance obligation to perform services in the future. At June 30, 2023 and 2022, FSC has recorded deferred revenue of \$0 and \$0, respectively, which FSC expects to recognize as revenue in the following year, when it performs those services and, therefore, satisfies its performance obligation to the funding sources.

The balances of receivables and deferred revenue from grant and contracts with funding sources are as follows as of June 30, 2023 and 2022:

| | 2023 | 2022 |
|---------------------|-----------|-----------|
| Accounts Receivable | \$712,278 | \$372,382 |
| Deferred Revenue | \$ - | \$ - |

Furniture and Equipment

Furniture and equipment purchased by the FSC is recorded at cost. Furniture and equipment donated to the FSC is capitalized at its estimated fair value. The FSC's policy is to expense the acquisition cost of equipment in the year it is purchased if its cost is less than \$2,500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of furniture and equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts and any gains or loss is included in income.

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Deferred Revenue

Deferred revenue is recognized for program (grant) advances received by the FSC that are in excess of current grant expenditures. Such amounts are restricted funds and as such can only be maintained and used in accordance with the respective grant contracts.

Grant Revenue

The FSC receives a substantial amount of its support and revenue from grants. If a significant reduction in the level of this support and revenue occurred, it could have a significant effect on the FSC'S programs and activities. Cash received in excess of grant expenditures is accounted for as deferred revenue.

Liquidity and Availability

The FSC has \$3,339,442 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$2,599,048, accounts receivable of \$712,278, and tenant receivable of \$28,116 as of June 30, 2023. The FSC has \$799,774 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$343,154, accounts receivable of \$372,382, and tenant receivable of \$84,238 as of June 30, 2022. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The FSC has ongoing grants and contracts that will reimburse the FSC allowable expenditures for that grant or contract. The FSC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The FSC has restricted funds in the amount of \$392,569 and \$589,782 as of June 30, 2023 and 2022, respectively. See note 3.

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Contributions

The FSC reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets. However, restricted gifts for which the donor restriction is met in the same period the gift is received are recorded as without donor restrictions revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

The FSC reports gifts of long-lived assets, as well as gifts of other assets restricted to the acquisition or construction of long-lived assets as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. With donor restrictions long-lived assets are considered to be released from restrictions as the asset is depreciated over its useful life. Absent explicit donor instructions about how long-lived assets must be maintained, the FSC reports the expiration of donor restriction when the donated or acquired asset is placed in service.

Advertising

Advertising costs are expensed as they are incurred.

Allocation of Indirect Costs

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the FSC. Payroll and related costs are allocated based on time spent on each function.

Income Tax

The FSC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from the estimates that were used.

Statement of Cash Flows

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions.

Summarized Prior Year

The accompany financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts (grants) receivable are recorded to the extent of qualifying grant expenditures made during the current year that are to be reimbursed after year end.

An allowance for doubtful accounts has not been established since management is of the opinion that all accounts receivable at year end are fully collectible. Receivables are considered past due if not collected within 90 days. FSC does not charge interest on past due receivables. As of June 30, 2023, all receivables are current. During 2023 and 2022, there were bad debts of \$0 and \$0 respectively.

**The Family Support Center
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A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 3 –PROPERTY AND EQUIPMENT

At June 30, 2023, furniture and equipment includes the following:

| | |
|--------------------------|-----------------------------|
| Computer Equipment | \$ 30,489 |
| Furniture and Fixtures | 129,800 |
| Telephone System | 17,890 |
| Leasehold Improvements | 72,613 |
| Pear Blossom Place | 3,039,055 |
| Bowen Property | 4,722,373 |
| Bowen Land | 2,115,000 |
| Development In Progress | 18,571,756 |
| | <u>28,698,976</u> |
| Accumulated Depreciation | (1,130,818) |
| Total | <u><u>\$ 27,568,158</u></u> |

Net furniture and equipment at June 30, 2022, was \$8,964,378.

During the fiscal year ended June 30, 2019, the FSC purchased the Bowen property and obtained financing. The FSC moved into the new facility in early 2019. The FSC has restricted funds for renovations of the Bowen property of \$392,569 and \$589,782 as of June 30, 2023 and 2022, respectively.

NOTE 4 – INVESTMENT & FAIR VALUE MEASUREMENTS

As of June 30, 2023, the investments had a cost basis of \$390,851 and fair market value of \$392,569.

Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the FSC has the ability to access.

Level 2: Inputs to valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.

**The Family Support Center
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Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 4 – INVESTMENT & FAIR VALUE MEASUREMENTS (CON'T.)

- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Mutual Funds: Valued at the Net Asset Value (NAV) of shares held by the FSC at year end.

Bonds: Valued at stock price per shares held by the FSC at year end.

Money Market Funds: The investments are reported at fair value based on quoted prices in active markets for identical assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the FSC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the FSC assets at fair value as of June 30, 2023 with comparative totals for 2022:

| | | Level 1 | Level 2 | Level 3 | 2023 Total | 2022 Total |
|--------------------|-----------|-----------------------|--------------------|--------------------|--------------------------|--------------------------|
| Money Market Funds | \$ | 33,324 | \$ - | \$ - | \$ 33,324 | \$ 96,759 |
| Mutual Funds | | 290,261 | - | - | 290,261 | 378,999 |
| Bonds | | 68,984 | - | - | 68,984 | 114,024 |
| Total | \$ | <u>392,569</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 392,569</u> | <u>\$ 589,782</u> |

**The Family Support Center
of South Sound
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Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 5 - LONG TERM DEBT & DEBT ISSUANCE COSTS

Note payable to City of Olympia, 0% stated interest rate, secured by a Deed of Trust to the Pear Blossom Building. The note was issued for \$505,653. The note will be forgiven after 40 years. The note becomes due and payable upon the sale, transfer, or change of use within the 40 years. \$ 505,653

Note payable to Thurston County, 0% stated interest rate, secured by a Deed of Trust to the Pear Blossom Building. The note was issued for \$398,599. The note will be forgiven 15 years after the project completion. The note becomes due and payable upon the sale, transfer, or change of use within the 15 years. 398,599

Note payable to the Washington State Department of Commerce Housing Trust Fund, 0% stated interest, secured by a Deed of Trust to the Pear Blossom Building. The note was issued for \$750,000. The note will be forgiven after a 40 year commitment period ending June 30, 2054. The note becomes due and payable upon the sale, transfer, or change of use within the 40 years. 750,000

Note payable to Olympia Federal Savings and Loan, 3.75% stated interest, secured by a Deed of Trust to the Bowen Building. The note was issued for \$3,345,000. Payment of the note shall be made monthly beginning September 10, 2022 in the amount of \$16,837.94, with a maturity date of August 10, 2032. 3,273,246

Note payable to the City of Olympia, 0% stated interest, secured by a Deed of Trust to the Bowen Building. The note was issued for \$400,000. The note becomes due and payable upon the sale, transfer, or change of use within the 40 years. 400,000

Note payable to the Washington State Housing Finance Commission, 0% stated interest, secured by a Deed of Trust to the Bowen Building. The note was issued for \$532,000. The note becomes due and payable upon the sale, transfer, or change of use within the 40 years. 532,000

Note payable to the City of Olympia, 1.0% stated interest, secured by a Deed of Trust to the Landing Building. The note was issued for \$800,000. Payment of the note shall be made solely from distributions of cash flow or capital proceeds, if any, with the note paid in full on December 31, 2037. 800,000

Note payable to the City of Olympia, 1.0% stated interest, secured by a Deed of Trust to the Landing Building. The note was issued for \$5,000,000. Payment of the note shall be made solely from distributions of cash flow or capital proceeds, if any, with the note paid in full on December 31, 2072. 4,865,536

**The Family Support Center
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Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 5 - LONG TERM DEBT & DEBT ISSUANCE COSTS (CON'T.)

Note payable to Thurston County, 0% stated interest, secured by a Deed of Trust to the Landing Building. The note was issued for \$686,275. Payment of the note shall be made solely from distributions of cash flow or capital proceeds, if any, with the note paid in full on December 31, 2072. 630,148

Note payable to the Family Support Center of South Sound, 1.0% stated interest, secured by a Deed of Trust to the Landing Building. The note was issued for \$1,000,000. Payment of the note shall be made solely from distributions of cash flow or capital proceeds, if any, with the note paid in full on December 31, 2072. 1,000,000

Note payable to the Washington State Department of Commerce National Housing Trust Fund, 1.0% stated interest, secured by a Deed of Trust to the Landing Building. The note was issued for \$5,930,351. The note will be forgiven after a 40 year commitment period beginning upon completion of the project. The note becomes due and payable upon the sale, transfer, or change of use within the 40 years. 5,372,050

Note payable to U.S. Bank, 2.0% stated interest, secured by a Deed of Trust to the Landing Building. The note was issued for no more than \$11,538,332. Interest payments on the note shall be paid from time to time dependent on the amount that had been drawn down, with a maturity date of January 21, 2025. 1,240,377

Total \$ 19,767,609

The following table sets forth the future principle payment due:

| | |
|------------|----------------------|
| 2024 | \$ 88,909 |
| 2025 | 92,071 |
| 2026 | 95,346 |
| 2027 | 98,737 |
| 2028 | 101,249 |
| Thereafter | <u>19,291,297</u> |
| Total | \$ <u>19,767,609</u> |

The imputed interest rates of 5% and 6% are used to calculate imputed interest expense and contribution revenue. For the fiscal years ended June 30, 2023 and 2022, the imputed interest expense was \$151,840 and \$195,309, respectively.

**The Family Support Center
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A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 5 - LONG TERM DEBT & DEBT ISSUANCE COSTS (CON'T.)

Debt Issuance Costs

The FSC classifies debt issuance costs as a reduction to underlying loan obligations and recognizes interest expense on these costs over the life of the underlying loans. The FSC recognized \$551 and \$551 in interest expense for these costs in the fiscal years ended June 30, 2023 and 2022, respectively. Composition of debt issuance costs is the following:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|----------------------|-------------------------|
| Debt Issuance Costs | \$ 22,021 | \$ 22,021 |
| Less: Interest Recognized | <u>(4,181)</u> | <u>(3,630)</u> |
| Net Debt Issuance Costs | <u><u>17,840</u></u> | <u><u>\$ 18,391</u></u> |

Loan fees of \$22,021 will be amortized straight-line over 40 years. The following table sets forth the future amortization:

| | |
|------------|-------------------------|
| 2024 | \$ 551 |
| 2025 | 551 |
| 2026 | 551 |
| 2027 | 551 |
| 2028 | 551 |
| Thereafter | <u>15,085</u> |
| Total | <u><u>\$ 17,840</u></u> |

NOTE 6 - BOARD DESIGNATED & NET ASSETS WITH DONOR RESTRICTIONS

During 2013, FSC purchased the Pear Blossom Building for \$1 from the City of Olympia. The appraisal for the building was \$1,070,000. In-kind revenue and capitalization of an asset was recorded in the financial records for \$1,069,999. The Pear Blossom Building is restricted to be used for emergency shelter and permanent housing with a capacity to accommodate at least 60 homeless individuals for 40 years beginning March 12, 2013. As of June 30, 2023 and 2022, the restricted amount was \$499,320 and \$562,992, respectively. The FSC is also required to have a \$10,000 maintenance reserve. As of June 30, 2023 and 2022, the maintenance reserve was \$10,000 and \$10,000, respectively.

As of June 30, 2023 and 2022, the FSC had \$92,561 and \$92,561, respectively, donor restricted for Hope Camp.

**The Family Support Center
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Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

**NOTE 6 - BOARD DESIGNATED & NET ASSETS WITH DONOR RESTRICTIONS
(CON'T)**

Time restrictions:

| | |
|-----------------------|------------|
| Pear Blossom Building | \$ 499,320 |
|-----------------------|------------|

Program restrictions:

| | |
|---------------------|---------------|
| Maintenance Reserve | 10,000 |
| Hope Camp | <u>92,561</u> |

| |
|--------------------------|
| <u>\$ 601,881</u> |
|--------------------------|

Net assets with donor restrictions as of June 30, 2022, was \$665,553.

During the fiscal years ended June 30, 2023 and 2022, FSC designated \$10,000 and \$10,000 towards the maintenance reserve for the Pear Blossom Building for each year, respectively. This is shown as without donor restrictions board designated net assets. As of June 30, 2023 and 2022, the balance was \$77,280 and \$67,280, respectively.

NOTE 7 - LEASING ARRANGEMENTS
Tenant Lease Agreements

There were ten family-serving agencies located in the FSC facility. The leases are month to month and are payable monthly or quarterly. The FSC also collect rent for the 7 permanent low income housing apartments in the Pear Blossom Building. For the fiscal years ended June 30, 2023 and 2022, \$353,817 and \$267,982, respectively, are reported as operations & maintenance income on the statement of activities.

NOTE 8 – INKIND REVENUE

Donated materials meeting the criteria for recognition in the financial statements are reflected in the financial statements as inkind revenue and expense at their estimated value on the date of receipt. For the fiscal years ended June 30, 2023 and 2022, donated materials were recorded as inkind revenue and expense at \$56,348 and \$55,239, respectively.

Volunteers contribute services toward the fulfillment of programs sponsored by the FSC. The contributed services that do not meet the requirements are not recorded in the financial statements. During the fiscal year ended June 30, 2023, the estimated fair value of contributed services received but not recorded on the books, because they do not meet the requirements, was \$43,948.

**The Family Support Center
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A Washington Not-For-Profit Organization**

Consolidated Notes to the Financial Statement

Fiscal Year Ended June 30, 2023

NOTE 9 – EMPLOYEE BENEFITS

FSC provides its employees with paid annual and sick leave in accordance with its current policies. Sick leave benefits are cumulative only to the extent of use for illness. Accrued and unused annual leave is payable to the employee in cash upon termination.

NOTE 10 – CONTINGENCIES

Amounts received or receivable from government agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the FSC if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

NOTE 11 – CONCENTRATION OF CREDIT RISK

From time to time, FSC has deposits in excess of the Federal Deposit Insurance Corporation's insurance limit. Management does not believe the FSC is subject to significant risk of loss related to these deposits. As of June 30, 2023 and 2022, the FSC had accounts that exceeded the FDIC insured limit of \$250,000 in total by \$627,590 and \$339,782, respectively.

NOTE 12 – SUBSEQUENT EVENTS

The FSC did not have any other subsequent events through March 29, 2024, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended June 30, 2023.

NOTE 13 – UNCERTAIN TAX POSITIONS

FSC files income tax returns in the U.S. federal jurisdiction. FSC is no longer subject to U.S. federal income tax examinations by tax authorities for years before June 30, 2020. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of June 30, 2023, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

**The Family Support Center
of South Sound**
A Washington Not-For-Profit Organization

Consolidating Statement of Financial Position

| June 30, 2023 | | | | |
|---|----------------------------------|----------------------|--------------------------------|----------------------|
| | Family Support Center | LLLP | Eliminating Entries | Total |
| <u>ASSETS</u> | | | | |
| Current Assets: | | | | |
| Cash | \$ 966,164 | \$ 1,632,884 | \$ - | \$ 2,599,048 |
| Accounts Receivable | 712,278 | 51,389 | (51,389) | 712,278 |
| Tenant Receivable | 28,116 | - | - | 28,116 |
| Total Current Assets | 1,706,558 | 1,684,273 | (51,389) | 3,339,442 |
| Property & Equipment, Net | 6,882,204 | 20,685,954 | - | 27,568,158 |
| Other Assets: | | | | |
| Investments | 392,569 | - | - | 392,569 |
| Other Assets | 2,000 | - | - | 2,000 |
| Total Other Assets | 394,569 | - | - | 394,569 |
| Total Assets | \$ 8,983,331 | \$ 22,370,227 | \$ (51,389) | \$ 31,302,169 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 101,015 | \$ 4,153,702 | \$ (51,389) | \$ 4,203,328 |
| Accrued Interest Payable | - | 61,629 | - | 61,629 |
| Payroll Taxes & Benefits Payable | 30,383 | - | - | 30,383 |
| Accrued Annual Leave | 62,173 | - | - | 62,173 |
| Deferred Revenue | - | - | - | - |
| Tenant Deposits | 3,210 | - | - | 3,210 |
| Current Portion of Notes Payable | 88,909 | - | - | 88,909 |
| Total Current Liabilities | 285,690 | 4,215,331 | (51,389) | 4,449,632 |
| Long Term Liabilities: | | | | |
| Notes Payable, Net Current Portion | 4,838,590 | 14,840,110 | - | 19,678,700 |
| Less: Unamortized Debt Issuance Costs | (11,625) | (6,215) | - | (17,840) |
| Total Long Term Liabilities | 4,826,965 | 14,833,895 | - | 19,660,860 |
| Net Assets: | | | | |
| Without Donor Restrictions | 1,136,276 | (2,531,058) | - | (1,394,782) |
| Without Donor Restrictions - Capital Assets | 2,055,239 | 5,852,059 | - | 7,907,298 |
| Without Donor Restrictions - Board Designated | 77,280 | - | - | 77,280 |
| With Donor Restrictions | 601,881 | - | - | 601,881 |
| Total Net Assets | 3,870,676 | 3,321,001 | - | 7,191,677 |
| Total Liabilities and Net Assets | \$ 8,983,331 | \$ 22,370,227 | \$ (51,389) | \$ 31,302,169 |

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
of South Sound**
A Washington Not-For-Profit Organization

Consolidating Statement of Activities and Changes in Net Assets

| June 30, 2023 | | | | |
|---|----------------------------------|---------------------|--------------------------------|---------------------|
| | Family Support Center | LLLP | Eliminating Entries | Total |
| Support and Revenue: | | | | |
| Grants | \$ 4,674,748 | \$ - | \$ - | \$ 4,674,748 |
| Contributions | 218,961 | 2,882,918 | - | 3,101,879 |
| Inkind | 56,348 | - | - | 56,348 |
| Operations & Maintenance Income | 353,817 | - | - | 353,817 |
| Fundraising | 76,379 | - | - | 76,379 |
| Service Fee Revenue | 346,441 | - | - | 346,441 |
| Interest Income | 295 | 29 | - | 324 |
| Investment Income (Loss) | 4,781 | - | - | 4,781 |
| Total Support and Revenue | 5,731,770 | 2,882,947 | - | 8,614,717 |
| Expenses: | | | | |
| Program Services: | | | | |
| Family Resource | 834,106 | - | - | 834,106 |
| Parent Education | 21,589 | - | - | 21,589 |
| Homeless Family Services | 1,546,838 | - | - | 1,546,838 |
| Campus Shelter | 172,116 | - | - | 172,116 |
| Facilities Management | 593,145 | - | - | 593,145 |
| Family Justice Center | 186,322 | - | - | 186,322 |
| Pear Blossom Building | 1,143,493 | - | - | 1,143,493 |
| LLLP | - | 110,415 | - | 110,415 |
| | 4,497,609 | 110,415 | - | 4,608,024 |
| Management and General | 391,119 | - | - | 391,119 |
| Fundraising | 20,785 | - | - | 20,785 |
| Total Expenses | 4,909,513 | 110,415 | - | 5,019,928 |
| Other Revenue & Expenses: | | | | |
| Loss on Disposal of Equipment | (38,562) | - | - | (38,562) |
| Total Other Revenue & Expenses | (38,562) | - | - | (38,562) |
| Change in Net Assets | 783,695 | 2,772,532 | - | 3,556,227 |
| Net Assets, Beginning of Year | 3,086,981 | 97,545 | - | 3,184,526 |
| Transfer | - | 450,924 | - | 450,924 |
| NET ASSETS, END OF YEAR | \$ 3,870,676 | \$ 3,321,001 | \$ - | \$ 7,191,677 |

The accompanying notes are an integral part of these financial statements.

Family Support Center

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| Year Ended June 30, 2023 | | | | | | |
|--|---------------------|-------------------------------|--------------------------|-------------------|-------------------|---------------|
| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Agency or Pass-through Number | Expenditures | | | |
| | | | From Pass-Through Awards | Direct Awards | Total | Subrecipients |
| <u>Department of Justice</u> | | | | | | |
| Office of Violence Against Women | 16.59 | 2015-WE-AX-0047 | - | 137,998 | 137,998 | - |
| Total Department of Justice | | | - | 137,998 | 137,998 | - |
| <u>Department of Housing and Urban Development</u> | | | | | | |
| Continuum of Care Program | 14.267 | WA0371L0T012004 | - | 42,508 | 42,508 | - |
| Continuum of Care Program | 14.267 | WA0371L0T012105 | - | 246,751 | 246,751 | - |
| Continuum of Care Program | 14.267 | WA0414D0T012103 | - | 375,051 | 375,051 | - |
| Continuum of Care Program | 14.267 | WA0414D0T012002 | - | 20,782 | 20,782 | - |
| Passed Through City of Olympia: Community Development Block Grant | 14.218 | CDBG #440 | 89,000 | 685,092 | 89,000 | - |
| Total Department of Housing and Urban Development | | | 89,000 | 685,092 | 774,092 | - |
| Total Federal Awards | | | \$ 89,000 | \$ 823,090 | \$ 912,090 | \$ - |

The accompanying notes are an integral part of these financial statements.

**Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

NOTE 1: BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as Family Support Center's financial statements. Family Support Center uses the accrual basis of accounting.

NOTE 2: DE-MINIMIS COST RATE

Family Support Center did not use the 10% de-minimis cost rate.

NOTE 3: FEDERAL EXPENDITURES FROM LOANS

| | <u>Beginning Balance</u> | <u>Current Year Activity</u> | <u>Ending Balance</u> |
|-----------|------------------------------|----------------------------------|---------------------------|
| CDBG Loan | \$ 89,000 | \$ - | \$ 89,000 |
| Total | <u>\$ 89,000</u> | <u>\$ -</u> | <u>\$ 89,000</u> |

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

No prior year findings.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Directors
The Family Support Center of South Sound
Olympia, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Family Support Center of South Sound (FSC), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FSC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FSC's internal control. Accordingly, we do not express an opinion on the effectiveness of FSC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FSC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

March 29, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
The Family Support Center of South Sound
Olympia, WA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Family Support Center of South Sound's (FSC) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of FSC's major federal programs for the year ended June 30, 2023. FSC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FSC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FSC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of FSC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to FSC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FSC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FSC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding FSC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FSC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FSC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

March 29, 2024

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified: No

Significant Deficiencies identified not considered to be material weaknesses: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

Material weaknesses identified: No

Significant Deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a): No

Identification of major programs:

| CFDA Numbers | Name of Federal Program |
|---------------------|--------------------------------|
| 14.267 | Continuum of Care |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

Section II – Financial Statement Findings:

No matters were reported.

Section III – Federal Award Findings and Questioned Costs:

No matters were reported.